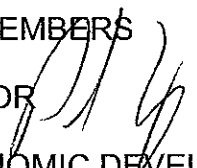



Council/Agency Meeting Held: _____			
Deferred/Continued to: _____			
<input type="checkbox"/> Approved	<input type="checkbox"/> Conditionally Approved	<input type="checkbox"/> Denied	City Clerk's Signature _____
Council Meeting Date: 8/18/2008		Department ID Number: ED 08-37	

## CITY OF HUNTINGTON BEACH REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**SUBMITTED BY:** PAUL EMERY, INTERIM CITY ADMINISTRATOR 

**PREPARED BY:** STANLEY SMALEWITZ, DIRECTOR OF ECONOMIC DEVELOPMENT 

**SUBJECT:** Adopt Resolution of Intention to Levy an Annual Assessment for 2008-2009 within the Huntington Beach Hotel/Motel Business Improvement District and Schedule Public Hearing for September 15, 2008

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)
--

**Statement of Issue:** On August 19, 2002, the City Council approved Ordinance No. 3569 establishing the Huntington Beach Hotel/Motel Business Improvement District to fund activities to promote Huntington Beach as an overnight tourist destination to benefit all of the hotels and motels in the City. The State of California Parking and Business Improvement Law of 1989 requires an annual report to be filed for each fiscal year, a Resolution of Intention to be passed to levy an assessment for the next fiscal year, and a public hearing date be set.

**Funding Source:** Revenues and expenses are included in the 2008/09 Huntington Beach Hotel/Motel Business Improvement District Budget (Fund 709).

**Recommended Action: Motion to:**

1. Adopt City Council Resolution No. 2008- 50, a Resolution of Intention of the City Council of the City of Huntington Beach Declaring the City's Intention to Levy an Annual Assessment for Fiscal Year 2008-2009 within the Huntington Beach Hotel/Motel Business Improvement District.
2. Direct the City Clerk to schedule a public hearing to be held on September 15, 2008, and send copies of the Resolution and assessment formula to each business to be assessed and publish same in a newspaper of general circulation as required.

**Alternative Action(s):**

1. Deny the request to approve the Resolution of Intention.

## REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: 8/18/2008

DEPARTMENT ID NUMBER: ED 08-37

**Analysis:** At the request of the Huntington Beach Conference and Visitors Bureau, the City Council formed a Business Improvement District (BID) in 2002 to include all hotels and motels in the City for the purpose of funding activities to promote Huntington Beach as an overnight destination. This is the annual renewal of the Huntington Beach Hotel/Motel Business Improvement District.

The Huntington Beach Hotel/Motel BID requires a 1% levy be assessed on all overnight room stays in Huntington Beach. These funds are collected as a separate itemization with monthly Transient Occupancy Taxes (TOT) paid to the City of Huntington Beach. The Board of Directors for the Huntington Beach Conference and Visitors Bureau also serve as the BID Advisory Board. In addition to these BID revenues, the Conference and Visitors Bureau also receives 10% of the City's TOT revenues under a five-year agreement approved May 15, 2006.

As required by State law, a protest hearing must be held to provide the opportunity for affected businesses to voice their protests, or they can submit protests in writing before the hearing. The Resolution of Intention sets this protest hearing for September 15, 2008. At that time, the City Council will tally the percentage of assessments protested and will hear additional public comments on the renewal of the Hotel/Motel BID. If the protests total less than 50% of the total amount to be collected, the City Council can approve the renewal of the BID. At the conclusion of the protest hearing/public hearing, the City Council may reduce or modify the proposed assessment or types of activities to be funded with assessment revenues. If written protests are received from affected business owners of 50% or more of assessments, no further proceedings to continue the Business Improvement District can be considered for one year.

The Hotel/Motel BID anticipates assessments of \$750,000 for 2008-09. Combined with reserves of \$225,000, the total BID budget for 2008-09 is \$975,000.

**Strategic Plan Goal:** L-4: "Create an environment that promotes tourism to increase revenues to support community services and transform the city's economy into a destination economy."

**Environmental Status:** Not applicable.

### **Attachment(s):**

City Clerk's Page Number	No.	Description
3	1.	Resolution No. 2008- 50 , a Resolution of the City Council of the City of Huntington Beach Declaring the City's Intention to Levy an Annual Assessment for Fiscal Year 2008-2009 Within the Huntington Beach Hotel/Motel Business Improvement District.

# **ATTACHMENT #1**

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RESOLUTION NO. 2008-50

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
HUNTINGTON BEACH DECLARING THE CITY'S  
INTENTION TO LEVY AN ANNUAL ASSESSMENT  
FOR FISCAL YEAR 2008-2009 WITHIN THE HUNTINGTON  
BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the California Legislature, in adopting the Parking and Business Improvement Area Law of 1989 (Streets and Highways Code §36500 et seq.) found that cities are authorized to levy assessments on businesses in order to promote economic revitalization and tourism, create jobs, attract new businesses and prevent erosion of business districts; and

The California Legislature found that cities are authorized to levy assessments on businesses which benefit from those improvements and activities; and

A sizeable majority of the hotel and motel businesses within the City of Huntington Beach requested that the City Council commence proceedings under the Parking and Business Improvement Area Law of 1989 to establish a hotel and motel business benefit area within the City of Huntington Beach and to levy a special assessment to promote tourism and tourist related events; and

The City Council formed a business improvement area, known as the Huntington Beach Hotel/Motel Business Improvement District (the "District"), by the passage of Ordinance No. 3569 on August 19, 2002. The time has come to continue the existence of the District for fiscal year 2008-2009 by levying assessments on those businesses that benefit from the activities; and

The District's Advisory Board has prepared and filed with the City Clerk an "Annual Report/Operating Budget 2007-2008 Fiscal Year to Date" and "Proposed Budget for Fiscal Year 2008-2009" (collectively, "Annual Report"); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Huntington Beach does hereby resolve as follows:

SECTION 1. The City Council hereby approves the Annual Report filed by the Advisory Board in the City Clerk's office attached hereto as **Exhibit A** and incorporated herein by this reference, which includes a proposed budget for Fiscal Year 2008-2009 and a description of the improvements and activities to be provided for Fiscal Year 2008-2009.

SECTION 2. To levy and collect assessments within the District area for Fiscal Year 2008-2009 in the amount of 1% on hotel and motel overnight room stays in hotels and motels listed in **Exhibit B** attached hereto and incorporated herein by this reference.

**SECTION 3.** The type or types of improvements and activities proposed to be funded by the levy of assessments on businesses within the business improvement area are specified in **Exhibit A**, attached hereto and incorporated herein by this reference. .

**SECTION 4.** A public hearing shall be held before the City Council on September 15, 2008, at 6:00 p.m., or as soon thereafter as this matter may be heard, in the Council Chambers of the City Hall, 2000 Main Street, Huntington Beach, California, at which time the Council will hear all interested persons for or against levying of the assessment, and the furnishing of specified types of improvements or activities. Protests may be made orally or in writing; but, if written, shall be filed with the City Clerk at or before the time fixed for the hearing and contain sufficient documentation to verify business ownership and validate the particular protest. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. The City Council may waive any irregularity in the form or content of any written protest, and at the public hearing, may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing set forth above. If written protests are received by the owners of businesses within the District, which will pay 50% or more of the total assessments to be levied, no further proceedings to levy the proposed assessment shall be taken for a period of one year from the date of the finding of a majority protest by the City Council. If the majority protest is only against the furnishing of a specified type or types of improvements or activity within the District, those types of improvements or activities shall be eliminated.

**SECTION 5.** The City Clerk is hereby directed to provide notice of the public hearing by causing the this resolution of intention to be published once in a newspaper of general circulation at least seven days before the public hearing.

**SECTION 6.** Further information regarding the proposed business improvement district may be obtained at the Huntington Beach City Hall, 2000 Main Street, Huntington Beach, California 92648; telephone (714) 536-5542; or from the Huntington Beach Conference and Visitors' Bureau, 301 Main Street, Suite 208, Huntington Beach, CA 92648, (714) 969-3492.

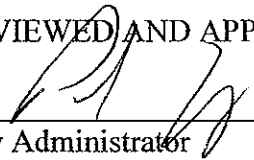
**SECTION 7.** The City Clerk shall mail a complete copy of this resolution of intention by first-class mail to each business owner in this area within seven days after the Council's adoption of this resolution.

SECTION 8. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Mayor

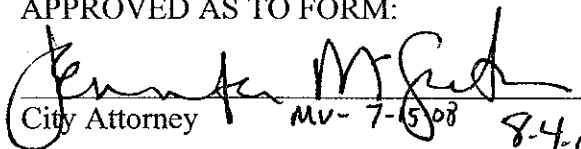
REVIEWED AND APPROVED:

  
\_\_\_\_\_  
City Administrator

INITIATED AND APPROVED:

  
\_\_\_\_\_  
Director of Economic Development

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

MV-7-508

8-4-08

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**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
Administered by the Huntington Beach Conference and Visitors Bureau

**Fiscal Year 2007/08 Annual Report  
for Fiscal Year 2008/09 Operating Budget Request**

The Huntington Beach Conference and Visitors Bureau continued to upgrade its scope of activities and effectiveness as a destination marketing agency during 2007/08 fiscal year. As the official advisory board for the Huntington Beach Hotel/Motel Business Improvement District, which receives an assessment of one percent on all hotel/motel room purchases within the city that are under 30 days in duration, the following highlights/programs would not have been possible without B.I.D. funding:

**Advertising**

- Produced cooperative full-page ad for *California Visitors Guide* with partners Hilton Waterfront Beach Resort, Hyatt Regency Huntington Beach Resort & Spa, and Bella Terra entertainment center. The *California Visitors Guide* distributed 500,000 copies distributed annually through state tourism offices and another 100,000 though downloads from [www.visitcalifornia.com](http://www.visitcalifornia.com).
- Finalized Orange County Tourism Council (OCTC) April/May 2008 print ad campaign including HBCVB's ½ page cover ad on newspaper insert in five markets (*Arizona Republic*, *Las Vegas Journal*, *Sacramento Bee*, *San Jose Mercury News*, *USA Today* in Arizona and Northern California) with total circulation of 867,000.
- Coordinated full-page OCTC ad plus 1/2 Huntington Beach page ad in annual March 2008 *Alaska Airlines* in-flight magazine "California Travel Planner" insert. The California Travel Planner insert featured a story on "The OC," and ran 10,000 overprints with a shelf life up to one year.
- Coordinated full-page OCTC ad in *Southwest Airlines Spirit* magazine. The August 2008 destination-related editorial section "Your Adventure In" features Orange County and OC beaches and reaches 3.2 million readers. The average time spent reading *Spirit* is 36 minutes, and there is no other in-flight entertainment supplied onboard Southwest Airlines.
- Produced a ½ page April 2008 ad for *Oprah* magazine and the affiliated [www.vacationfun.com](http://www.vacationfun.com) website and Reader Service. Western US Region circulation of 600,000 included California (300,000), Arizona (41,000), Nevada (21,000), Oregon (32,000), Colorado (49,000), Washington (67,000). The ad also included two eCampaigns to 300,000 opt-in subscribers of vacationfun.com. Results thru 7/23/08:
  - Total Program Leads to Date: 5,248
  - Total Website Click-Throughs to Date: 312
  - Total [www.surfcityusa.travel](http://www.surfcityusa.travel) AdViews though 7/15/08: 115
- Launched first HBCVB month-long online coop advertising campaign for "Spring in Surf City" with Travelocity. Six hotels participated by offering "added value" components. A "Wait Screen" ad unit was Geotargeted to individuals looking to travel to Orange County and Los Angeles (this ad unit is the most viewed ad unit on Travelocity), a key integrated placement on the Travelocity California Store, an unit geotargeted in the Shopping Path to consumers looking to travel to

**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
Administered by the Huntington Beach Conference and Visitors Bureau

**Fiscal Year 2007/08 Annual Report  
for Fiscal Year 2008/09 Operating Budget Request**

Orange County and Los Angeles; a landing page from our [www.surfcityusa.com](http://www.surfcityusa.com) website to support all the six partner hotels. Total Paid Impressions were 1.4 million and we received a bonus of 66k impression in the value of \$1,254. Results: 229% overall sales growth total in dollars for the four hotels that saw a sales increase (approximately \$40-50,000); 287 additional room nights over June 2007.

- Continued OCTC co-op *National Geo* magazine ad, as well as radio promotional spots with OCTC and with Ronnie Kovach's Radio Fishing University on the Fox radio network.

**Website**

- Introduced new "green" version of Virtual Visitors Guide online – downloadable or viewable with page-turning software.
- Continued to offer the most informative and reliable event information calendar in the city, adding an average of 43 new events and updating eight existing events per month.
- Continued to book rooms online via Travelocity. Last year's new [www.surfcityusa.com](http://www.surfcityusa.com) website closes sales: 504 have been booked from July 1<sup>st</sup> 2007 thru July 28, 2008. These bookings are in addition to normal hotel click-thrus.
- Secured [www.huntingtonbeach.com](http://www.huntingtonbeach.com) URL for the Bureau
- Issued RFP and conducted review to select and contract vendor to develop next generation Bureau website, launching Labor Day 2008. SurfCityUSA.com's 2008 edition will boast state-of-the art search engine optimization, improved navigation, an Immersive Beach Tour, and the ability for bureau staff to manage content in-house on an ongoing basis.

**E-Mail Marketing**

- Initiated HBCVB's first-ever monthly series of destination email newsletters distributed to more than 10,883 people who registered to receive more information on the [www.surfcityusa.com](http://www.surfcityusa.com) website.
- Conducted year-long trial of contests on home page to build email subscription base before discontinuing.

**Printed Collateral**

- **Visitors Guide** Produced the best Visitors Guide in Bureau history with an expanded distribution of 175,000 copies to local brochure racks, local airports, California Welcome Centers, and selected locations in Phoenix & San Diego.
- **Rack Brochure** Produced 230,000 rack brochures with distribution to over 2,000 locations within 12-hour drive markets.
- **Dining Guide** Produced 20,000 dining guides in conjunction with HB Restaurant Association with local distribution including John Wayne Airport.

**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
Administered by the Huntington Beach Conference and Visitors Bureau

**Fiscal Year 2007/08 Annual Report  
for Fiscal Year 2008/09 Operating Budget Request**

**Public Relations**

- Laid groundwork for heightened local industry awareness during **National Tourism Week** with "See My HB" Photo and YouTube® video contests.
- Secured spot as one of the top pet-friendly cities for dogs in *Fido Friendly* magazine.
- Kite Party coverage in *Westways* and *Highroads* magazines.
- Produced five email newsletters for over 700 travel media to pitch story ideas.
- Participated in California Travel and Tourism Commission media receptions in LA, New York and San Francisco; OCEanfront press trips; Society of American Travel Writers Marketplace, and many other venues.
- Participated in the International Pow Wow Media Marketplace.
- Hosted OCEanfront *Epicurean* press trip; travel journalist and photographer Trish Foxwell; travel journalist Robert Painter; *Cooler*, a UK publication focusing on female surfing and snowboarding; *Up!*, WestJet in-flight magazine for Canada's second largest airline; Karin Leperi, *Buffalo News*; a Travel Trade Media FAM for *Black Meetings & Tourism*, *Meetings & Incentive Travel* and *Travel Weekly*; Huell Howser; Bruce Hawksbee, UK publication; *Ranch & Coast* Magazine; GoNomad.com editor Max Hartshorne; and a May 4-6 press trip with seven journalists and one photographer.

**Sales Support**

- Renewed Bureau participation in the 40th International Pow Wow in Las Vegas, NV with partner OC coastal destinations Newport Beach and Laguna Beach. Pow Wow is sponsored by the Travel Industry Association of America (TIA) and is the premiere international marketplace held in the United States for inbound USA travel, where travel buyers from around the world and USA travel suppliers conduct business during three days of pre-scheduled appointments. Met with more than eighty domestic and international travel buyers.
- Delivered 3,849 leads to hotels from leisure travelers planning to visit destination through June 2008.

**Visitor Center**

- Secured coastal development permits for construction of a new Pier Plaza Visitor Center where the current Citibank ATM kiosk exists now. This project is on-track to open in January 2009 for year-round seven-day-per-week operation.
- Updated and refreshed Kiosk used in Pier Plaza summer program with tiki design and served a record 8,142 guests from July 1, 2007 through June 30, 2008.
- Continued weekday visitor center in Bureau offices that
  - Served 1,144 walk in guests (7/1/07 thru 6/30/08)
  - Answered 924 visitor-related phone calls
  - Replied to 3,455 visitor inquiries via e-mail.

**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
Administered by the Huntington Beach Conference and Visitors Bureau

**Fiscal Year 2007/08 Annual Report  
for Fiscal Year 2008/09 Operating Budget Request**

**Community Relations**

- Developed "Tourism Works for Huntington Beach" presentation and began to deliver it before civic and service organizations throughout the community.
- Obtained hard data from Dean Runyan & Associates about the economic impact of tourism within the City.

**Brand Development**

- Increased total trademark registrations to 12.
- Obtained principal register status for financial services trademark and three classes of products/services
- Settled lawsuit attempting to cancel registration of Surf City USA® trademarks by exploiting supplemental status.

**Administrative**

- To continue our goal of managing cash flow and providing financial stability in the event of inadvertent delays in the receipt of funding from the City in future years, the Bureau maintained a yearend BID cash reserve of approximately \$225,000.

*Note: The boundaries of the improvement and benefit areas within the Hotel/Motel Improvement District (which includes the City of Huntington Beach in its entirety) will not change during the upcoming fiscal year. The Shorebreak Hotel is anticipated to open within the Improvement District in late winter of 2009.*

**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
Administered by the Huntington Beach Conference and Visitors Bureau

**Proposed Fiscal Year 2008/09  
for Fiscal Year 2008/09 Operating Budget Request**

INCOME	
Carryover/Reserve FY07/08	\$ 225,000.00
Projected Assessment	750,000.00
<b>TOTAL</b>	<b>\$ 975,000.00</b>
EXPENSE	
Carryover/Reserve FY08/09	\$ 225,000.00
Marketing/Promotion	720,000.00
Legal Expenses	30,000.00
<b>TOTAL</b>	<b>\$ 975,000.00</b>

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# EXHIBIT B

Hotel/Motel BID List  
July 2008

Hotel Name	Address	City	State	Zip
Beach Inn Motel	18112 Beach Boulevard	Huntington Beach	CA	92648 714-841-6606
Best Western Huntington Beach Inn	800 Pacific Coast Highway	Huntington Beach	CA	92648 714-536-7500
Best Western Regency Inn	19360 Beach Boulevard	Huntington Beach	CA	92648 714-962-4244
Comfort Suites	16301 Beach Boulevard	Huntington Beach	CA	92647 714-841-1812
Extended Stay America	5050 Skylab West Circle	Huntington Beach	CA	92647 714-799-4887
	290 Monrovia Avenue	Long Beach	CA	92803 562-621-1910
Hilton Waterfront Beach Resort	21100 Pacific Coast Highway	Huntington Beach	CA	92648 714-845-8000 714-845-8407
Hotel Europa	7561 Center Avenue, #46	Huntington Beach	CA	92647 714-895-5860
Hotel Huntington Beach	7667 Center Avenue	Huntington Beach	CA	92647 714-891-0123
Howard Johnson Express Inn & Suites	17251 Beach Boulevard	Huntington Beach	CA	92647 714-375-0250
Huntington Suites	727 Yorktown Avenue	Huntington Beach	CA	92648 714-969-0450
Huntington Surf Inn	720 Pacific Coast Highway	Huntington Beach	CA	92648 714-536-2444
Hyatt Regency Huntington Beach Resort & Spa	21500 Pacific Coast Highway	Huntington Beach	CA	92648 714-374-7291 714-845-4604
Ocean View Motel	16196 Pacific Coast Highway	Huntington Beach	CA	92649 562-592-2700
Pacific View Inn & Suites	16220 Pacific Coast Highway	Huntington Beach	CA	92649 562-592-4959
Starlight Inn	18382 Beach Boulevard	Huntington Beach	CA	92648 714-848-8422
Sun 'n Sands Motel	1102 Pacific Coast Highway	Huntington Beach	CA	92648 714-536-2543
777 Motor Inn	16240 Pacific Coast Highway	Huntington Beach	CA	92649 714-846-5561
NEW - Opening in early 2009:				
Shorebreak Hotel	500 Pacific Coast Highway	Huntington Beach	CA	92649 714-861-4470